

**Amendment in the Nature of a Substitute
to the Committee Print of July 18, 2003**

[Showing H.R. 2622, As Adopted by the Subcommittee]

Offered by Mr. Oxley

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Fair and Accurate Credit Transactions Act of 2003”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act are as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.
Sec. 3. Effective dates.

**TITLE I—UNIFORM NATIONAL CONSUMER PROTECTION
STANDARDS**

Sec. 101. Uniform national consumer protection standards made permanent.

TITLE II—IDENTITY THEFT PREVENTION

Sec. 201. Investigating changes of address and inactive accounts.
Sec. 202. Fraud alerts.
Sec. 203. Truncation of credit card and debit card account numbers.
Sec. 204. Summary of rights of identity theft victims.
Sec. 205. Blocking of information resulting from identity theft.
Sec. 206. Establishment of procedures for depository institutions to identify
possible instances of identity theft.

TITLE III—IMPROVING RESOLUTION OF CONSUMER DISPUTES

Sec. 301. Coordination of consumer complaint investigations.
Sec. 302. Notice of dispute through reseller.



Sec. 303. Prompt investigation of disputed consumer information.

TITLE IV—IMPROVING ACCURACY OF CONSUMER RECORDS

Sec. 401. Reconciling addresses.

Sec. 402. Prevention of repollution of consumer reports.

Sec. 403. Notice by users with respect to fraudulent information.

Sec. 404. Disclosure to consumers of contact information for users and furnishers of information in consumer reports.

TITLE V—IMPROVEMENTS IN USE OF AND CONSUMER ACCESS
TO CREDIT INFORMATION

Sec. 501. Free reports annually.

Sec. 502. Disclosure of credit scores.

Sec. 503. Simpler and easier method for consumers to use notification system.

Sec. 504. Requirement to disclose communications to a consumer reporting agency.

Sec. 505. Study of effects of credit scores and credit-based insurance scores on availability and affordability of financial products.

Sec. 506. GAO study on disparate impact of credit system.

TITLE VI—PROTECTING EMPLOYEE MISCONDUCT
INVESTIGATIONS

Sec. 601. Certain employee investigation communications excluded from definition of consumer report.

TITLE VII—LIMITING THE USE AND SHARING OF MEDICAL
INFORMATION IN THE FINANCIAL SYSTEM

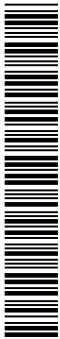
Sec. 701. Protection of medical information in the financial system.

1 **SEC. 2. DEFINITIONS.**

2 Section 603 of the Fair Credit Reporting Act (15
3 U.S.C. 1681a) is amended by adding at the end the fol-
4 lowing new subsections:

5 “(r) RESELLER.—The term ‘reseller’ means a con-
6 sumer reporting agency that—

7 “(1) assembles and merges information con-
8 tained in the database of another consumer report-
9 ing agency or multiple consumer reporting agencies
10 concerning any consumer for purposes of furnishing



1 such information to any third party, to the extent of
2 such activities; and

3 “(2) does not maintain a database of the as-
4 sembled or merged information from which new con-
5 sumer reports are produced.

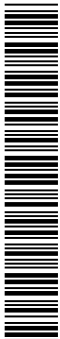
6 “(s) OTHER DEFINITIONS.—

7 “(1) BOARD; CREDIT; CREDITOR, CREDIT
8 CARD.—The terms ‘Board’, ‘credit’, ‘creditor’, and
9 credit card’ have the same meanings as in section
10 103 of the Truth in Lending Act.

11 “(2) COMMISSION.—The term ‘Commission’
12 means the Federal Trade Commission.

13 “(3) DEBIT CARD.—The term ‘debit card’
14 means any card issued by a financial institution to
15 a consumer for use in initiating electronic fund
16 transfers (as defined in section 903(6) of the Elec-
17 tronic Fund Transfer Act) from the account (as de-
18 fined in such Act) of the consumer at such financial
19 institution for the purpose of transferring money be-
20 tween accounts or obtaining money, property, labor,
21 or services.

22 “(4) ELECTRONIC FUND TRANSFER.—The term
23 ‘electronic fund transfer’ has the same meaning as
24 in section 903 of the Electronic Fund Transfer Act.



1 “(5) FEDERAL BANKING AGENCY.—The term
2 ‘Federal banking agency’ has the same meaning as
3 in section 3 of the Federal Deposit Insurance Act.

4 “(6) IDENTITY THEFT.—The term ‘identity
5 theft’ means a fraud committed using another per-
6 son’s identifying information, subject to such further
7 definition as the Commission and the Board may
8 prescribe, jointly, by regulation.

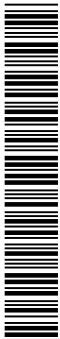
9 “(7) POLICE REPORT.—The term ‘police report’
10 means a copy of any official valid report filed by a
11 consumer with any appropriate Federal, State, or
12 local government law enforcement agency, or any
13 comparable official government document that the
14 Board and the Commission shall jointly prescribe in
15 regulations, that is subject to a criminal penalty for
16 false statements.”.

17 **SEC. 3. EFFECTIVE DATES.**

18 (a) IN GENERAL.—Except as provided in subsections

19 (b) and (c)—

20 (1) before the end of the 2-month period begin-
21 ning on the date of the enactment of this Act, the
22 Board of Governors of the Federal Reserve System
23 and the Federal Trade Commission shall jointly pre-
24 scribe regulations in final form establishing effective



1 dates for each provision of this Act (except as other-
2 wise specified); and

3 (2) the regulations prescribed under paragraph
4 (1) shall establish effective dates that are as early
5 as possible while allowing a reasonable time for the
6 implementation of the provisions of this Act, but in
7 no case shall the effective date be later than 10
8 months after the date of issuance of such regula-
9 tions in final form.

10 (b) IMMEDIATE EFFECTIVE DATE.—The following
11 provisions shall take effect on the date of the enactment
12 of this Act:

13 (1) Title I.

14 (2) Section 201.

15 (3) Section 609(d)(1) of the Fair Credit Re-
16 porting Act (as added by the amendment in section
17 204(a)).

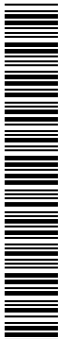
18 (4) Section 303.

19 (5) Section 505.

20 (6) Section 506.

21 (7) Title VI.

22 (c) EFFECTIVE DATE FOR PROTECTION OF MEDICAL
23 INFORMATION IN THE FINANCIAL SYSTEM.—Section 701
24 shall take effect at the end of the 180-day period begin-
25 ning on the date of the enactment of this Act, except that



1 paragraph (2) of section 604(g) of the Fair Credit Report-
2 ing Act (as added by section 701) shall take effect on the
3 later of—

4 (1) the end of the 90-day period beginning on
5 the date the regulations required under paragraph
6 (5)(B) of such section 604(g) (as added by section
7 701) are prescribed in final form; or

8 (2) the date specified in the regulations referred
9 to in paragraph (1).

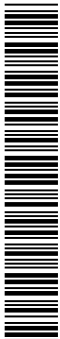
10 **TITLE I—UNIFORM NATIONAL**
11 **CONSUMER PROTECTION**
12 **STANDARDS**

13 **SEC. 101. UNIFORM NATIONAL CONSUMER PROTECTION**
14 **STANDARDS MADE PERMANENT.**

15 Section 624(d) of the Fair Credit Reporting Act (15
16 U.S.C. 1681t(d)) is amended—

17 (1) by striking “Subsections (b) and (c)” and
18 all that follows through “do not affect any settle-
19 ment,” and inserting “Subsections (b) and (c) do
20 not affect any settlement,”; and

21 (2) by striking “Consumer Credit Reporting
22 Reform Act of 1996” and all that follows through
23 the period at the end of paragraph (2) and inserting
24 “Consumer Credit Reporting Reform Act of 1996.”.



1 **TITLE II—IDENTITY THEFT**
2 **PREVENTION**

3 **SEC. 201. INVESTIGATING CHANGES OF ADDRESS AND IN-**
4 **ACTIVE ACCOUNTS.**

5 (a) IN GENERAL.—Section 605 of the Fair Credit
6 Reporting Act (15 U.S.C. 1681c) is amended by inserting
7 after subsection (f), the following new subsection:

8 “(g) ‘RED FLAG’ PATTERNS OF POSSIBLE IDENTITY
9 THEFT.—

10 “(1) INVESTIGATION OF CHANGES OF AD-
11 DRESS.—The Federal banking agencies and the Na-
12 tional Credit Union Administration, in carrying out
13 the responsibilities of such agencies and Administra-
14 tion under subsection (k), shall jointly prescribe reg-
15 ulations for credit card and debit card issuers to en-
16 sure that, if any such issuer receives a request for
17 an additional or replacement card for an existing ac-
18 count within a short period of time after the issuer
19 has received notification of a change of address for
20 the same account, the issuer will follow reasonable
21 policies and procedures that require, as appropriate,
22 that the issuer not issue the additional or replace-
23 ment card unless the issuer—

24 “(A) notifies the cardholder of the request
25 at the former address of the cardholder and



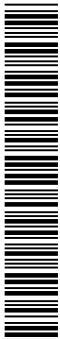
1 provides to the cardholder a means of promptly
2 reporting incorrect address changes;

3 “(B) notifies the cardholder of the request
4 by such other means of communication as the
5 cardholder and the card issuer previously
6 agreed to; or

7 “(C) uses other means of assessing the va-
8 lidity of the change of address, in accordance
9 with reasonable policies and procedures estab-
10 lished by the card issuer in accordance with the
11 regulations prescribed under subsection (k).

12 “(2) INACTIVE ACCOUNTS.—The Federal bank-
13 ing agencies and the National Credit Union Admin-
14 istration, in carrying out the responsibilities of such
15 agencies and Administration under subsection (k),
16 shall consider including, as a possible ‘red flag’ pat-
17 tern, reasonable guidelines providing that when a
18 transaction occurs with respect to a credit or deposit
19 account that has been inactive for more than 2
20 years, the creditor or depository institution shall fol-
21 low reasonable policies and procedures that provide
22 for notice to be given to a consumer in a manner
23 reasonably designed to reduce the likelihood of iden-
24 tity theft with respect to such account.”.

25 (b) CLERICAL AMENDMENTS.—



1 (1) The heading for section 605 of the Fair
2 Credit Reporting Act is amended to read as follows:

3 **“§ 605. Requirements relating to information con-**
4 **tained in consumer reports and to iden-**
5 **tity theft prevention.”.**

6 (2) The table of sections for title VI of the Con-
7 sumer Credit Protection Act is amended by striking
8 the item relating to section 605 and inserting the
9 following new item:

“605. Requirements relating to information contained in consumer reports and
to identity theft prevention.”.

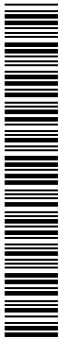
10 (3) Section 624(b)(1)(E) of the Fair Credit Re-
11 porting Act (15 U.S.C. 1681t(b)(1)(E)) is amended
12 by inserting “and to identity theft prevention” after
13 “consumer reports”.

14 **SEC. 202. FRAUD ALERTS.**

15 Section 605 of the Fair Credit Reporting Act (15
16 U.S.C. 1681c) is amended by adding at the end the fol-
17 lowing new subsection:

18 “(i) ONE-CALL FRAUD ALERTS.—

19 “(1) INITIAL ALERTS.—Upon the direct request
20 of a consumer, or an individual acting on behalf of
21 or as a personal representative of a consumer, who
22 asserts, in good faith, a suspicion that the consumer
23 has been or is about to become a victim of fraud or
24 related crime, including identity theft, a consumer

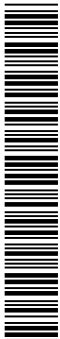


1 reporting agency described in section 603(p) shall, if
2 the agency maintains a file on the consumer who is
3 making the request and has a reasonable belief that
4 the agency knows the identity of the consumer—

5 “(A) include a fraud alert in the file of
6 that consumer for a period of not less than 90
7 days beginning on the date of such request, un-
8 less the consumer subsequently requests that
9 such fraud alert be removed before the end of
10 such period;

11 “(B) disclose to the consumer that the con-
12 sumer may request a free copy of the file of the
13 consumer and provide the consumer, upon re-
14 quest, a free disclosure of the consumer’s file
15 (as described in section 609(a)) within 3 busi-
16 ness days after such request;

17 “(C) for 2 years after the date of such re-
18 quest, exclude the consumer from any list of
19 consumers prepared by the agency and provided
20 to any third party to offer credit or insurance
21 to the consumer as part of a transaction that
22 was not initiated by the consumer, unless the
23 consumer subsequently requests that such ex-
24 clusion be rescinded before the end of such pe-
25 riod; and

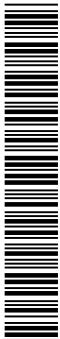


1 “(D) refer the information regarding the
2 fraud alert to each of the other consumer re-
3 porting agencies described in section 603(p), as
4 required under section 621(f)(1).

5 “(2) EXTENDED ALERTS.—Upon the direct re-
6 quest of a consumer, or an individual acting on be-
7 half of or as a personal representative of a con-
8 sumer, who contacts a consumer reporting agency
9 described in section 603(p) to report details of an
10 identity theft and submits evidence that provides the
11 agency with reasonable cause to believe that such
12 identity theft has occurred, the agency shall, if the
13 agency maintains a file on the consumer who is
14 making the request and has a reasonable belief that
15 the agency knows the identity of the consumer—

16 “(A) include a fraud alert in the file of
17 that consumer and provide an opportunity for
18 the consumer to extend the alert for a period of
19 up to 7 years from the date of such request,
20 unless the consumer subsequently requests that
21 such fraud alert be removed before the end of
22 such period;

23 “(B) provide the consumer with the option
24 of including more complete information in the
25 consumer’s file, including a telephone number

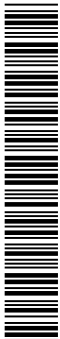


1 or some other reasonable means of communica-
2 tion that any person who requests the con-
3 sumer's report may utilize for authorization be-
4 fore establishing a new credit plan in the name
5 of the consumer; and

6 “(C) provide the consumer with at least 2
7 free disclosures of the information described in
8 section 609(a) during the 12-month period be-
9 ginning on the date of such request.

10 “(3) ACTIVE DUTY ALERTS.—Upon the direct
11 request of an active duty military consumer, or an
12 individual acting on behalf of or as a personal rep-
13 resentative of an active duty military consumer, who
14 contacts a consumer reporting agency described in
15 section 603(p), the agency shall, if the agency main-
16 tains a file on the consumer who is making the re-
17 quest and has a reasonable belief that the agency
18 knows the identity of the consumer—

19 “(A) include an active duty alert in the file
20 of that consumer during a period of not less
21 than 12 months beginning on the date of the
22 request, unless the consumer requests that such
23 active duty alert be removed before the end of
24 such period;

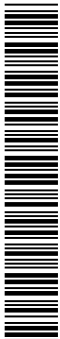


1 “(B) for 2 years after the date of such re-
2 quest, exclude the consumer from any list of
3 consumers prepared by the agency and provided
4 to any third party to offer credit or insurance
5 to the consumer as part of a transaction that
6 was not initiated by the consumer, unless the
7 consumer subsequently requests that such ex-
8 clusion be rescinded before the end of such pe-
9 riod; and

10 “(C) refer the information regarding the
11 active duty alert to each of the other consumer
12 reporting agencies described in section 603(p),
13 as required under section 621(f)(1).

14 “(4) PROCEDURES.—Each consumer reporting
15 agency described in section 603(p) shall establish
16 policies and procedures to comply with the obliga-
17 tions of paragraphs (1), (2), and (3), including pro-
18 cedures that allow consumers to request initial, ex-
19 tended, or active duty alerts in a simple and easy
20 manner, including by telephone.

21 “(5) NOTICE TO USERS.—No person who ob-
22 tains any information that includes a fraud alert
23 under this section from a file of any consumer from
24 a consumer reporting agency may establish a new
25 credit plan in the name of the consumer for a person

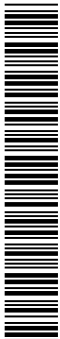


1 other than the consumer without utilizing reasonable
2 policies and procedures described in paragraph (9).

3 “(6) REFERRALS OF FRAUD ALERTS.—Each
4 consumer reporting agency described in section
5 603(p) that receives a referral of a fraud alert from
6 another such agency pursuant to paragraph (1)(D)
7 or (3)(C) shall follow the procedures required under
8 subparagraphs (A), (B), and (C) of paragraph (1),
9 in the case of a referral under paragraph (1)(D),
10 and subparagraphs (A) and (B), in the case of a re-
11 ferral under paragraph (3)(C), as if the agency re-
12 ceived the request from the consumer directly.

13 “(7) DUTY OF RESELLER TO RECONVEY
14 ALERT.—A reseller that is notified of the existence
15 of a fraud alert in a consumer's consumer report
16 shall communicate to each person procuring a con-
17 sumer report with respect to such consumer the ex-
18 istence of a fraud alert in effect for such consumer.

19 “(8) DUTY OF OTHER CONSUMER REPORTING
20 AGENCIES TO PROVIDE CONTACT INFORMATION.—If
21 a consumer contacts any consumer reporting agency
22 that is not a consumer reporting agency described in
23 section 603(p) to communicate a suspicion that the
24 consumer has been or is about to become a victim
25 of fraud or related crime, including identity theft,



1 the agency shall provide the consumer with informa-
2 tion on how to contact the Commission and the con-
3 sumer reporting agencies described in section 603(p)
4 to obtain more detailed information and request
5 alerts under this subsection.

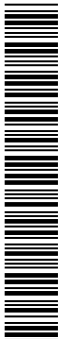
6 “(9) FRAUD ALERT.—

7 “(A) DEFINITION.—For purposes of this
8 subsection, the term ‘fraud alert’ means, at a
9 minimum, a statement—

10 “(i) in the file of a consumer that the
11 consumer may be a victim of fraud, includ-
12 ing identity theft, or is a consumer de-
13 scribed in paragraph (3); and

14 “(ii) that is transmitted in a manner
15 that facilitates a clear and conspicuous
16 view of the statement by any person re-
17 questing such file.

18 “(B) OTHER INFORMATION.—A fraud alert
19 shall include information that notifies all pro-
20 spective users of a consumer report on the con-
21 sumer to which the alert relates that the con-
22 sumer does not authorize establishing any new
23 credit plan in the name of the consumer, unless
24 the user utilizes reasonable policies and proce-
25 dures to form a reasonable belief that the user



1 knows the identity of the person for whom such
2 new plan is established, which may include ob-
3 taining authorization or preauthorization of the
4 consumer at a telephone number designated by
5 the consumer or by such other reasonable
6 means agreed to.

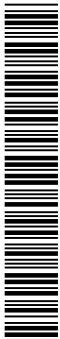
7 “(10) OTHER DEFINITIONS.—For purposes of
8 this subsection, the following definitions shall apply:

9 “(A) ACTIVE DUTY MILITARY CON-
10 SUMER.—The term ‘active duty military con-
11 sumer’ means a consumer in military service
12 who—

13 “(i) is on active duty (as defined in
14 section 101(d)(1) of title 10, United States
15 Code) or is a reservist performing duty
16 under a call or order to active duty under
17 a provision of law referred to in section
18 101(a)(13) of title 10, United States Code;
19 and

20 “(ii) is assigned to service away from
21 the consumer’s usual duty station.

22 “(B) NEW CREDIT PLAN.—The term ‘new
23 credit plan’ means a new account under an
24 open end credit plan (as defined in section



1 103(i) of this Act) or a new credit transaction
2 not under an open end credit plan.

3 **SEC. 203. TRUNCATION OF CREDIT CARD AND DEBIT CARD**
4 **ACCOUNT NUMBERS.**

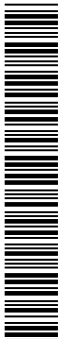
5 (a) IN GENERAL.—Section 605 of the Fair Credit
6 Reporting Act (15 U.S.C. 1681c) is amended by inserting
7 after subsection (k) (as added by section 206 of this title)
8 the following new subsection:

9 “(l) TRUNCATION OF CREDIT CARD AND DEBIT
10 CARD ACCOUNT NUMBERS.—

11 “(1) IN GENERAL.—Except as provided in this
12 subsection, no person that accepts credit cards or
13 debit cards for the transaction of business shall
14 print the expiration date or more than the last 5
15 digits of the card account number upon any receipt
16 provided to the cardholder at the point of the sale
17 or transaction.

18 “(2) LIMITATION.—This section shall apply
19 only to receipts that are electronically printed, and
20 shall not apply to transactions in which the sole
21 means of recording the person’s credit card or debit
22 card account number is by handwriting or by an im-
23 print or copy of the card.”.

24 (b) EFFECTIVE DATE.—The amendments made by
25 subsection (a) shall apply after the end of—



1 (1) the 3-year period beginning on the date of
2 the enactment of this Act, with respect to any cash
3 register or other machine or device that electroni-
4 cally prints receipts for credit card or debit card
5 transactions that is in use before January 1, 2005;
6 and

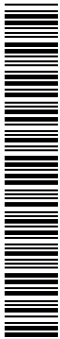
7 (2) the 1-year period beginning on the date of
8 the enactment of this Act, with respect to any cash
9 register or other machine or device that electroni-
10 cally prints receipts for credit card or debit card
11 transactions that is first put into use on or after
12 January 1, 2005.

13 **SEC. 204. SUMMARY OF RIGHTS OF IDENTITY THEFT VIC-**
14 **TIMS.**

15 (a) IN GENERAL.—Section 609 of the Fair Credit
16 Reporting Act (15 U.S.C. 1681g) is amended by adding
17 at the end the following new subsection:

18 “(d) SUMMARY OF RIGHTS OF IDENTITY THEFT VIC-
19 TIMS.—

20 “(1) IN GENERAL.—The Commission, in con-
21 sultation with the Federal banking agencies and the
22 National Credit Union Administration, shall prepare
23 a model summary of the rights of consumers under
24 this title with respect to the procedures for rem-
25 edying the effects of fraud or identity theft involving



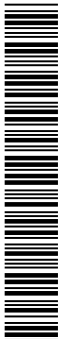
1 credit, electronic fund transfers, or accounts or
2 transactions at or with a financial institution.

3 “(2) SUMMARY OF RIGHTS AND CONTACT IN-
4 FORMATION.—If any consumer contacts a consumer
5 reporting agency and expresses a belief that the con-
6 sumer is a victim of fraud or identity theft involving
7 credit, electronic fund transfers, or accounts or
8 transactions at or with a financial institution, the
9 consumer reporting agency shall, in addition to any
10 other action the agency may take, provide the con-
11 sumer with the model summary of rights prepared
12 by the Commission under paragraph (1) and infor-
13 mation on how to contact the Commission to obtain
14 more detailed information.”.

15 (b) TECHNICAL AND CONFORMING AMENDMENT.—
16 Section 624(b)(3) of the Fair Credit Reporting Act (15
17 U.S.C. 1681t(b)(3)) is amended by striking “section
18 609(c)” and inserting “subsection (c) or (d) of section
19 609”.

20 **SEC. 205. BLOCKING OF INFORMATION RESULTING FROM**
21 **IDENTITY THEFT.**

22 Section 605 of the Fair Credit Reporting Act (15
23 U.S.C. 1681c) is amended by inserting after subsection
24 (i) (as added by section 202 of this title) the following
25 new subsection:



1 “(j) BLOCK OF INFORMATION RESULTING FROM
2 IDENTITY THEFT.—

3 “(1) BLOCK.—Except as provided in paragraph
4 (3), a consumer reporting agency shall block the re-
5 porting of any information in the file of a consumer
6 that the consumer identifies as information that re-
7 sulted from an alleged identity theft and confirms is
8 not information relating to any transaction by the
9 consumer not later than 5 business days after the
10 date of receipt by such agency of—

11 “(A) appropriate proof of the identity of a
12 consumer;

13 “(B) a police report evidencing the claim
14 of the consumer of identity theft;

15 “(C) the identification of the information
16 by the consumer; and

17 “(D) confirmation by the consumer that
18 the information is not information relating to
19 any transaction by the consumer.

20 “(2) NOTIFICATION.—A consumer reporting
21 agency shall promptly notify the furnisher of infor-
22 mation identified by the consumer under paragraph
23 (1)—

24 “(A) that the information may be a result
25 of identity theft;



1 “(B) that a police report has been filed;

2 “(C) that a block has been requested under
3 this subsection; and

4 “(D) of the effective date of the block.

5 “(3) AUTHORITY TO DECLINE OR RESCIND.—

6 “(A) IN GENERAL.—A consumer reporting
7 agency may decline to block, or may rescind
8 any block, of consumer information under this
9 subsection if the consumer reporting agency
10 reasonably determines that—

11 “(i) the information was blocked in
12 error or a block was requested by the con-
13 sumer in error;

14 “(ii) the information was blocked, or a
15 block was requested by the consumer, on
16 the basis of a misrepresentation of fact by
17 the consumer relevant to the request to
18 block; or

19 “(iii) the consumer knowingly ob-
20 tained possession of goods, services, or
21 moneys as a result of the blocked trans-
22 action or transactions, or the consumer
23 should have known that the consumer ob-
24 tained possession of goods, services, or



1 moneys as a result of the blocked trans-
2 action or transactions.

3 “(B) NOTIFICATION TO CONSUMER.—If
4 the block of information is declined or rescinded
5 under this paragraph, the affected consumer
6 shall be notified promptly, in the same manner
7 as consumers are notified of the reinsertion of
8 information under section 611(a)(5)(B).

9 “(C) SIGNIFICANCE OF BLOCK.—For pur-
10 poses of this paragraph, if a consumer report-
11 ing agency rescinds a block, the presence of in-
12 formation in the file of a consumer prior to the
13 blocking of such information is not evidence of
14 whether the consumer knew or should have
15 known that the consumer obtained possession of
16 any goods, services, or monies as a result of the
17 block.

18 “(4) EXCEPTIONS.—

19 “(A) VERIFICATION COMPANIES.—This
20 subsection shall not apply to—

21 “(i) a check services company, which
22 issues authorizations for the purpose of ap-
23 proving or processing negotiable instru-
24 ments, electronic funds transfers, or simi-
25 lar methods of payments; or



1 “(ii) a deposit account information
2 service company, which issues reports re-
3 garding account closures due to fraud, sub-
4 stantial overdrafts, automated teller ma-
5 chine abuse, or similar negative informa-
6 tion regarding a consumer, to inquiring
7 banks or other financial institutions for
8 use only in reviewing a consumer request
9 for a deposit account at the inquiring bank
10 or financial institution.

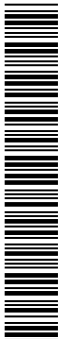
11 “(B) RESELLERS.—

12 “(i) NO RESELLER FILE.—This sub-
13 section shall not apply to a consumer re-
14 porting agency if the consumer reporting
15 agency—

16 “(I) is a reseller;

17 “(II) is not, at the time of the re-
18 quest of the consumer under para-
19 graph (1), otherwise furnishing or re-
20 selling a consumer report concerning
21 the information identified by the con-
22 sumer; and

23 “(III) informs the consumer, by
24 any means, that the consumer may re-
25 port the identity theft to the Commis-



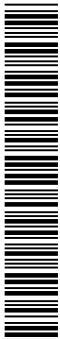
1 sion to obtain consumer information
2 regarding identity theft.

3 “(ii) RESELLER WITH FILE.—The
4 sole obligation of the consumer reporting
5 agency under this subsection, with regard
6 to any request of a consumer under this
7 subsection, shall be to block the consumer
8 report maintained by the consumer report-
9 ing agency from any subsequent use if—

10 “(I) the consumer, in accordance
11 with the provisions of paragraph (1),
12 identifies, to a consumer reporting
13 agency, information in the file of the
14 consumer that resulted from identity
15 theft; and

16 “(II) the consumer reporting
17 agency is a reseller of the identified
18 information.

19 “(iii) NOTICE.—In carrying out its
20 obligation under clause (ii), the reseller
21 shall promptly provide a notice to the con-
22 sumer of the decision to block the file.
23 Such notice shall contain the name, ad-
24 dress, and telephone number of each con-
25 sumer reporting agency from which the



1 consumer information was obtained for re-
2 sale.

3 “(5) ACCESS TO BLOCKED INFORMATION BY
4 LAW ENFORCEMENT AGENCIES.—No provision of
5 this subsection shall be construed as requiring a con-
6 sumer reporting agency to prevent a Federal, State,
7 or local law enforcement agency from accessing
8 blocked information in a consumer file to which the
9 agency could otherwise obtain access under this
10 title”.

11 **SEC. 206. ESTABLISHMENT OF PROCEDURES FOR DEPOSI-**
12 **TORY INSTITUTIONS TO IDENTIFY POSSIBLE**
13 **INSTANCES OF IDENTITY THEFT.**

14 (a) IN GENERAL.—Section 605 of the Fair Credit
15 Reporting Act (15 U.S.C. 1681c) is amended by inserting
16 after subsection (j) (as added by section 205 of this title)
17 the following new subsection:

18 “(k) ‘RED FLAG’ GUIDELINES REQUIRED.—

19 “(1) IN GENERAL.—The Federal banking agen-
20 cies and the National Credit Union Administration,
21 in consultation with the Commission, shall jointly es-
22 tablish and maintain guidelines for use by insured
23 depository institutions in identifying patterns, prac-
24 tices, and specific forms of activity that indicate the
25 possible existence of identity theft with respect to ac-



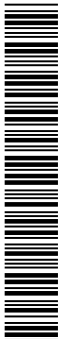
1 counts, and update such guidelines as often as nec-
2 essary.

3 “(2) REGULATIONS.—The Federal banking
4 agencies and the National Credit Union Administra-
5 tion, in consultation with the Commission, shall
6 jointly prescribe regulations requiring insured depos-
7 itory institutions to establish and adhere to reason-
8 able policies and procedures for implementing the
9 guidelines established pursuant to paragraph (1) to
10 identify possible risks to customer accounts or to the
11 safety and soundness of the institutions.

12 “(3) CONSISTENCY WITH VERIFICATION RE-
13 QUIREMENTS.—Policies and procedures established
14 pursuant to paragraph (2) shall not be inconsistent
15 with, or duplicative of, the policies and procedures
16 required under section 5318(l) of title 31, United
17 States Code.

18 “(4) INSURED DEPOSITORY INSTITUTION DE-
19 FINED.—For purposes of this subsection, the term
20 ‘insured depository institution’—

21 “(A) has the meaning given to such term
22 in section 3 of the Federal Deposit Insurance
23 Act; and



1 “(B) includes an insured credit union (as
2 defined in section 101 of the Federal Credit
3 Union Act).”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 subsection (a) shall take effect at the end-of the 1-year
6 period beginning the date of the enactment of this Act.

7 **TITLE III—IMPROVING RESOLU-**
8 **TION OF CONSUMER DIS-**
9 **PUTES**

10 **SEC. 301. COORDINATION OF CONSUMER COMPLAINT IN-**
11 **VESTIGATIONS.**

12 Section 621 of the Fair Credit Reporting Act (15
13 U.S.C. 1681s) is amended by adding at the end the fol-
14 lowing new subsection:

15 “(f) COORDINATION OF CONSUMER COMPLAINT IN-
16 VESTIGATIONS.—

17 “(1) IN GENERAL.—The consumer reporting
18 agencies described in section 603(p) shall develop
19 and maintain procedures for the referral, to each
20 such agency, of any consumer complaint received by
21 any such agency alleging any identity theft or re-
22 questing a block or a fraud alert.

23 “(2) MODEL FORM AND PROCEDURE FOR RE-
24 PORTING IDENTITY THEFT.—The Commission, in
25 consultation with the Federal banking agencies and



1 the National Credit Union Administration, shall de-
2 velop a model form and model procedures to be used
3 by consumers who are victims of identity theft for
4 contacting and informing creditors and consumer re-
5 porting agencies of the fraud.

6 “(3) ANNUAL SUMMARY REPORTS.—Each con-
7 sumer reporting agency described in section 603(p)
8 shall submit an annual summary report to the Com-
9 mission on consumer complaints received by the
10 agency on identity theft or fraud alerts.”.

11 **SEC. 302. NOTICE OF DISPUTE THROUGH RESELLER.**

12 (a) REQUIREMENT FOR REINVESTIGATION OF DIS-
13 PUTED INFORMATION UPON NOTICE FROM A RE-
14 SELLER.—Section 611(a) of the Fair Credit Reporting
15 Act (15 U.S.C. 1681i(a)(1)(A)) is amended—

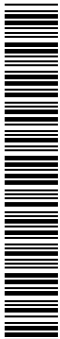
16 (1) in subparagraph (A) of paragraph (1)—

17 (A) by striking “If the completeness” and
18 inserting “Subject to subsection (e), if the com-
19 pleteness”;

20 (B) by inserting “, or indirectly through a
21 reseller,” after “notifies the agency directly”;
22 and

23 (C) by inserting “or reseller” before the
24 period at the end of such subparagraph;

25 (2) in subparagraph (A) of paragraph (2)—



1 (A) by inserting “or a reseller” after “dis-
2 pute from any consumer”; and

3 (B) by inserting “or reseller” before the
4 period at the end of such subparagraph; and

5 (3) in subparagraph (B) of paragraph (2), by
6 inserting “or a reseller” after “from any consumer”.

7 (b) REINVESTIGATION REQUIREMENT APPLICABLE
8 TO RESELLERS.—Section 611 of the Fair Credit Report-
9 ing Act (15 U.S.C. 1681i) is amended by adding at the
10 end the following new subsection:

11 “(e) REINVESTIGATION REQUIREMENT APPLICABLE
12 TO RESELLERS.—

13 “(1) EXEMPTION FROM GENERAL REINVESTIGATION
14 REQUIREMENT.—Except as provided in
15 paragraph (2), a reseller shall be exempt from the
16 requirements of this section.

17 “(2) ACTION REQUIRED UPON RECEIVING NO-
18 TICE OF A DISPUTE.—If a reseller receives a notice
19 from a consumer of a dispute concerning the com-
20 pleteness or accuracy of any item of information
21 contained in a consumer report on such consumer
22 produced by the reseller, the reseller shall, within 5
23 business days of receiving the notice and free of
24 charge—



1 “(A) determine whether the item of infor-
2 mation is incomplete or inaccurate as a result
3 of an act or omission of the reseller; and

4 “(B) if—

5 “(i) the reseller determines that the
6 item of information is incomplete or inac-
7 curate as a result of an act or omission of
8 the reseller, correct the information in the
9 consumer report or delete it; or

10 “(ii) if the reseller determines that the
11 item of information is not incomplete or in-
12 accurate as a result of an act or omission
13 of the reseller, convey the notice of the dis-
14 pute, together with all relevant information
15 provided by the consumer, to each con-
16 sumer reporting agency that provided the
17 reseller with the information that is the
18 subject of the dispute.”.

19 (c) TECHNICAL AND CONFORMING AMENDMENT.—
20 The heading for paragraph (2) of section 611(a) of the
21 Fair Credit Reporting Act (15 U.S.C. 1681i(a)(2)) is
22 amended by striking “FROM CONSUMER”.

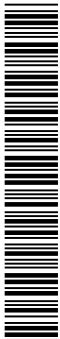


1 **SEC. 303. PROMPT INVESTIGATION OF DISPUTED CON-**
2 **SUMER INFORMATION.**

3 (a) **STUDY REQUIRED.**—The Board of Governors of
4 the Federal Reserve System and the Federal Trade Com-
5 mission shall jointly study the extent to which, and the
6 manner in which, consumer reporting agencies and fur-
7 nishers of consumer information to consumer reporting
8 agencies are complying with the procedures, time lines,
9 and requirements under the Fair Credit Reporting Act for
10 the prompt investigation of the disputed accuracy of any
11 consumer information, the completeness of the informa-
12 tion provided to consumer reporting agencies, and the
13 prompt correction or deletion, in accordance with such
14 Act, of any inaccurate or incomplete information or infor-
15 mation that cannot be verified.

16 (b) **REPORT REQUIRED.**—Before the end of the 6-
17 month period beginning on the date of the enactment of
18 this Act, the Board of Governors of the Federal Reserve
19 System and the Federal Trade Commission shall jointly
20 submit a progress report to the Congress on the results
21 of the study required under subsection (a).

22 (c) **RECOMMENDATIONS.**—The report under sub-
23 section (b) shall include such recommendations as the
24 Board and the Commission jointly determine to be appro-
25 priate for legislative or administrative action to ensure
26 that—

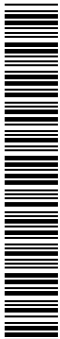


1 (1) consumer disputes with consumer reporting
2 agencies over the accuracy or completeness of infor-
3 mation in a consumer's file are promptly and fully
4 investigated and any incorrect, incomplete, or un-
5 verifiable information is corrected or deleted imme-
6 diately thereafter;

7 (2) furnishers of information to consumer re-
8 porting agencies maintain full and prompt compli-
9 ance with the duties and responsibilities established
10 under section 623 of the Fair Credit Reporting Act;
11 and

12 (3) consumer reporting agencies establish and
13 maintain appropriate internal controls and manage-
14 ment review procedures for maintaining full and
15 continuous compliance with the procedures, time
16 lines, and requirements under the Fair Credit Re-
17 porting Act for the prompt investigation of the dis-
18 puted accuracy of any consumer information and the
19 prompt correction or deletion, in accordance with
20 such Act, of any inaccurate or incomplete informa-
21 tion or information that cannot be verified.

22 (d) DEFINITIONS.—For purposes of this section, the
23 terms “consumer”, “consumer report”, and “consumer re-
24 porting agency” have the same meaning as in the Fair
25 Credit Reporting Act.



1 **TITLE IV—IMPROVING ACCU-**
2 **RACY OF CONSUMER**
3 **RECORDS**

4 **SEC. 401. RECONCILING ADDRESSES.**

5 Section 605 of the Fair Credit Reporting Act (15
6 U.S.C. 1681c) is amended by inserting after subsection
7 (g) (as added by section 201 of this Act) the following
8 new subsection.

9 “(h) NOTICE OF DISCREPANCY.—If a person has re-
10 quested a consumer report relating to a consumer from
11 a consumer reporting agency described in section 603(p),
12 the request includes an address for the consumer that sub-
13 stantially differs from the addresses in the file of the con-
14 sumer, and the agency provides a consumer report in re-
15 sponse to the request, the consumer reporting agency
16 shall—

17 “(1) notify the requester of the existence of the
18 discrepancy; and

19 “(2) reconcile or resolve, in communication with
20 the requester and within 30 days, any substantial
21 variation between the addresses in the file of the
22 consumer at the agency and the address contained
23 in the request, in accordance with reasonable policies
24 and procedures established by the consumer report-
25 ing agency.”.



1 **SEC. 402. PREVENTION OF REPOLLUTION OF CONSUMER**
2 **REPORTS.**

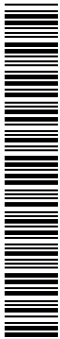
3 Section 623(a)(1) of the Fair Credit Reporting Act
4 (15 U.S.C. 1681s-2(a)(1)) is amended by adding at the
5 end the following new subparagraph:

6 “(D) INFORMATION ALLEGED TO RESULT
7 FROM IDENTITY THEFT.—If a consumer sub-
8 mits a police report to a person who furnishes
9 information to a consumer reporting agency
10 that states that information maintained by such
11 person that purports to relate to the consumer
12 resulted from identity theft, the person may not
13 furnish such information that purports to relate
14 to the consumer to any consumer reporting
15 agency, unless the person subsequently knows
16 or is informed by the consumer that the infor-
17 mation is correct.”.

18 **SEC. 403. NOTICE BY USERS WITH RESPECT TO FRAUDU-**
19 **LENT INFORMATION.**

20 Section 615 of the Fair Credit Reporting Act (15
21 U.S.C. 1681m) is amended by adding at the end the fol-
22 lowing new subsection:

23 “(e) NOTICE OF FRAUDULENT INFORMATION RE-
24 LATING TO IDENTITY THEFT.—If an agent acting as a
25 debt collector (as defined in title VIII) of a person who
26 furnishes information to any consumer reporting agency



1 uses information contained in a consumer report on any
2 consumer and learns that any such information so used
3 is the result of identity theft or otherwise is fraudulent,
4 the agent shall—

5 “(1) if such information—

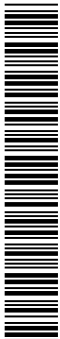
6 “(A) originated from the person for whom
7 the debt collector is acting as agent, notify the
8 person of the fraudulent information; or

9 “(B) originated from a person other than
10 the person for whom the debt collector is acting
11 as agent, notify the consumer reporting agency
12 that provided the consumer report of the fraud-
13 ulent information, either directly or through the
14 person for whom the debt collector is acting as
15 agent; and

16 “(2) upon the request of the consumer, provide
17 the consumer with all information which the con-
18 sumer would be entitled to receive if the information
19 related to the consumer other than by reason of
20 identity theft.”.

21 **SEC. 404. DISCLOSURE TO CONSUMERS OF CONTACT IN-**
22 **FORMATION FOR USERS AND FURNISHERS**
23 **OF INFORMATION IN CONSUMER REPORTS.**

24 Section 609(a) of the Fair Credit Reporting Act (15
25 U.S.C. 1681g(a)) is amended—



1 (1) in paragraph (2), by inserting “, including
2 addresses of the sources, and (if provided by the
3 sources of information) the telephone numbers iden-
4 tified for customer service for the sources of infor-
5 mation” after “sources of information” the 1st place
6 such term appears in such paragraph; and

7 (2) in paragraph (3)(B) by striking clause (ii)
8 and inserting the following new clause:

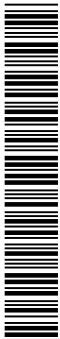
9 “(ii) the address and (if provided) the
10 telephone numbers identified for customer
11 service of the person.”.

12 **TITLE V—IMPROVEMENTS IN**
13 **USE OF AND CONSUMER AC-**
14 **CESS TO CREDIT INFORMA-**
15 **TION**

16 **SEC. 501. FREE REPORTS ANNUALLY.**

17 Section 612(c) of the Fair Credit Reporting Act (15
18 U.S.C. 1681j(c)) is amended to read as follows:

19 “(c) FREE ANNUAL DISCLOSURE.—Upon the direct
20 request of the consumer, a consumer reporting agency
21 shall make all disclosures pursuant to section 609 once
22 during any 12-month period without charge to the con-
23 sumer.”.



1 **SEC. 502. DISCLOSURE OF CREDIT SCORES.**

2 (a) STATEMENT ON AVAILABILITY OF CREDIT
3 SCORES.—Section 609(a) of the Fair Credit Reporting
4 Act (15 U.S.C. 1681g(a)) is amended by adding at the
5 end the following new paragraph:

6 “(6) If the consumer requests the credit file
7 and not the credit score, a statement that the con-
8 sumer may request and obtain a credit score.”.

9 (b) DISCLOSURE OF CREDIT SCORES.—Section 609
10 of the Fair Credit Reporting Act (15 U.S.C. 1681g) is
11 amended by inserting after subsection (d) (as added by
12 section 204 of this Act) the following new subsection:

13 “(e) DISCLOSURE OF CREDIT SCORES.—

14 “(1) IN GENERAL.—Upon the consumer’s re-
15 quest for a credit score, a consumer reporting agen-
16 cy shall supply to a consumer a statement indicating
17 that the information and credit scoring model may
18 be different than the credit score that may be used
19 by the lender, and a notice which shall include the
20 following information:

21 “(A) The consumer’s current credit score
22 or the consumer’s most recent credit score that
23 was previously calculated by the credit report-
24 ing agency for a purpose related to the exten-
25 sion of credit.



1 “(B) The range of possible credit scores
2 under the model used.

3 “(C) All the key factors that adversely af-
4 fected the consumer’s credit score in the model
5 used, the total number of which shall not ex-
6 ceed four.

7 “(D) The date the credit score was cre-
8 ated.

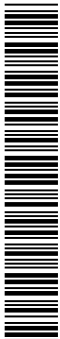
9 “(E) The name of the person or entity
10 that provided the credit score or credit file upon
11 which the credit score was created.

12 “(2) DEFINITIONS.—For purposes of this sec-
13 tion, the following definitions shall apply:

14 “(A) CREDIT SCORE.—The term ‘credit
15 score’—

16 “(i) means a numerical value or a cat-
17 egorization derived from a statistical tool
18 or modeling system used by a person who
19 makes or arranges a loan to predict the
20 likelihood of certain credit behaviors, in-
21 cluding default (and the numerical value or
22 the categorization derived from this anal-
23 ysis may also be referred to as a ‘risk pre-
24 dictor’ or ‘risk score’); and

25 “(ii) does not include—



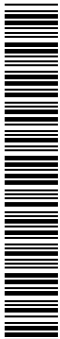
1 “(I) any mortgage score or rating
2 of an automated underwriting system
3 that considers one or more factors in
4 addition to credit information, includ-
5 ing the loan to value ratio, the
6 amount of down payment, or a con-
7 sumer’s financial assets; or

8 “(II) any other elements of the
9 underwriting process or underwriting
10 decision.

11 “(B) KEY FACTORS.—The term ‘key fac-
12 tors’ means all relevant elements or reasons ad-
13 versely affecting the credit score for the par-
14 ticular individual listed in the order of their im-
15 portance based on their effect on the credit
16 score.

17 “(3) TIMEFRAME AND MANNER OF DISCLO-
18 SURE.—The information required by this subsection
19 shall be provided in the same timeframe and manner
20 as the information described in subsection (a).

21 “(4) APPLICABILITY TO CERTAIN USES.—This
22 subsection shall not be construed so as to compel a
23 consumer reporting agency to develop or disclose a
24 score if the agency does not—



1 “(A) distribute scores that are used in con-
2 nection with residential real property loans; or

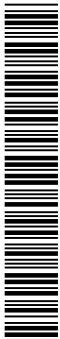
3 “(B) develop scores that assist credit pro-
4 viders in understanding a consumer’s general
5 credit behavior and predicting the future credit
6 behavior of the consumer.

7 “(5) APPLICABILITY TO CREDIT SCORES DE-
8 VELOPED BY ANOTHER PERSON.—

9 “(A) IN GENERAL.—This subsection shall
10 not be construed to require a consumer report-
11 ing agency that distributes credit scores devel-
12 oped by another person or entity to provide a
13 further explanation of them, or to process a dis-
14 pute arising pursuant to section 611, except
15 that the consumer reporting agency shall pro-
16 vide the consumer with the name and address
17 and website for contacting the person or entity
18 who developed the score or developed the meth-
19 odology of the score.

20 (B) EXCEPTION.—This paragraph shall
21 not apply to a consumer reporting agency that
22 develops or modifies scores that are developed
23 by another person or entity.

24 “(6) MAINTENANCE OF CREDIT SCORES NOT
25 REQUIRED.—This subsection shall not be construed



1 to require a consumer reporting agency to maintain
2 credit scores in its files.

3 “(7) COMPLIANCE IN CERTAIN CASES.—In com-
4 plying with this subsection, a consumer reporting
5 agency shall—

6 “(A) supply the consumer with a credit
7 score that is derived from a credit scoring
8 model that is widely distributed to users by that
9 consumer reporting agency in connection with
10 residential real property loans or with a credit
11 score that assists the consumer in under-
12 standing the credit scoring assessment of the
13 credit behavior of the consumer and predictions
14 about the future credit behavior of the con-
15 sumer; and

16 “(B) a statement indicating that the infor-
17 mation and credit scoring model may be dif-
18 ferent than that used by the lender.

19 “(8) REASONABLE FEE.—A consumer reporting
20 agency may charge a reasonable fee for providing
21 the information required under this subsection.”.

22 (c) DISCLOSURE OF CREDIT SCORES BY CERTAIN
23 MORTGAGE LENDERS.—Section 609 of the Fair Credit
24 Reporting Act (15 U.S.C. 1681g) is amended by inserting



1 after subsection (e) (as added by subsection (b) of this
2 section) the following new subsection:

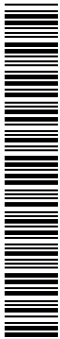
3 “(f) DISCLOSURE OF CREDIT SCORES BY CERTAIN
4 MORTGAGE LENDERS.—

5 “(1) IN GENERAL.—Any person who makes or
6 arranges loans and who uses a consumer credit score
7 as defined in subsection (e) in connection with an
8 application initiated or sought by a consumer for a
9 closed end loan or establishment of an open end loan
10 for a consumer purpose that is secured by 1 to 4
11 units of residential real property shall provide the
12 following to the consumer as soon as reasonably
13 practicable:

14 “(A) INFORMATION REQUIRED UNDER
15 SUBSECTION(e).—

16 “(i) IN GENERAL.—A copy of the in-
17 formation identified in subsection (e) that
18 was obtained from a consumer reporting
19 agency or was developed and used by the
20 user of the information.

21 “(ii) NOTICE UNDER SUBPARAGRAPH
22 (D).—In addition to the information pro-
23 vided to it by a third party that provided
24 the credit score or scores, a lender is only



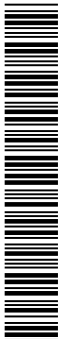
1 required to provide the notice contained in
2 subparagraph (D).

3 “(B) DISCLOSURES IN CASE OF AUTO-
4 MATED UNDERWRITING SYSTEM.—

5 “(i) IN GENERAL.—If a person who is
6 subject to this section uses an automated
7 underwriting system to underwrite a loan,
8 that person may satisfy the obligation to
9 provide a credit score by disclosing a credit
10 score and associated key factors supplied
11 by a consumer reporting agency.

12 “(ii) NUMERICAL CREDIT SCORE.—
13 However, if a numerical credit score is
14 generated by an automated underwriting
15 system used by an enterprise, and that
16 score is disclosed to the person, the score
17 shall be disclosed to the consumer con-
18 sistent with subparagraph (C).

19 “(iii) ENTERPRISE DEFINED.—For
20 purposes of this subparagraph, the term
21 ‘enterprise’ shall have the same meaning
22 as in paragraph (6) of section 1303 of the
23 Federal Housing Enterprises Financial
24 Safety and Soundness Act of 1992.

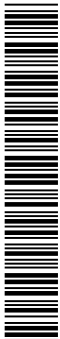


1 “(C) DISCLOSURES OF CREDIT SCORES
2 NOT OBTAINED FROM A CONSUMER REPORTING
3 AGENCY.—A person subject to the provisions of
4 this subsection who uses a credit score other
5 than a credit score provided by a consumer re-
6 porting agency may satisfy the obligation to
7 provide a credit score by disclosing a credit
8 score and associated key factors supplied by a
9 consumer reporting agency.

10 “(D) NOTICE TO HOME LOAN APPLI-
11 CANTS.—A copy of the following notice, which
12 shall include the name, address, and telephone
13 number of each credit bureau providing a credit
14 score that was used:

15 ‘NOTICE TO THE HOME LOAN APPLICANT
16 ‘In connection with your application for a home loan,
17 the lender must disclose to you the score that a credit bu-
18 reau distributed to users and the lender used in connection
19 with your home loan, and the key factors affecting your
20 credit scores.

21 ‘The credit score is a computer generated summary
22 calculated at the time of the request and based on infor-
23 mation a credit bureau or lender has on file. The scores
24 are based on data about your credit history and payment
25 patterns. Credit scores are important because they are



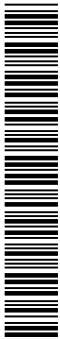
1 used to assist the lender in determining whether you will
2 obtain a loan. They may also be used to determine what
3 interest rate you may be offered on the mortgage. Credit
4 scores can change over time, depending on your conduct,
5 how your credit history and payment patterns change, and
6 how credit scoring technologies change.

7 'Because the score is based on information in your
8 credit history, it is very important that you review the
9 credit-related information that is being furnished to make
10 sure it is accurate. Credit records may vary from one com-
11 pany to another.

12 'If you have questions about your credit score or the
13 credit information that is furnished to you, contact the
14 credit bureau at the address and telephone number pro-
15 vided with this notice, or contact the lender, if the lender
16 developed or generated the credit score. The credit bureau
17 plays no part in the decision to take any action on the
18 loan application and is unable to provide you with specific
19 reasons for the decision on a loan application.

20 'If you have questions concerning the terms of
21 the loan, contact the lender.'

22 "(E) ACTIONS NOT REQUIRED UNDER THIS
23 SUBSECTION.—This subsection shall not require
24 any person to do any of the following:



1 “(i) Explain the information provided
2 pursuant to subsection (e).

3 “(ii) Disclose any information other
4 than a credit score or key factor, as de-
5 fined in subsection (e).

6 “(iii) Disclose any credit score or re-
7 lated information obtained by the user
8 after a loan has closed.

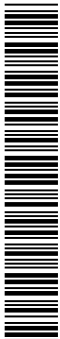
9 “(iv) Provide more than 1 disclosure
10 per loan transaction.

11 “(v) Provide the disclosure required
12 by this section when another person has
13 made the disclosure to the consumer for
14 that loan transaction.

15 “(F) NO OBLIGATION FOR CONTENT.—

16 “(i) IN GENERAL.—Any person’s obli-
17 gation pursuant to this section shall be
18 limited solely to providing a copy of the in-
19 formation that was received from the con-
20 sumer reporting agency.

21 “(ii) LIMIT ON LIABILITY.—No person
22 has liability under this section for the con-
23 tent of that information or for the omis-
24 sion of any information within the report



1 provided by the consumer reporting agen-
2 cy.

3 “(G) PERSON DEFINED AS EXCLUDING EN-
4 TERPRISE.—As used in this subsection, the
5 term ‘person’ does not include an enterprise (as
6 defined in paragraph (6) of section 1303 of the
7 Federal Housing Enterprises Financial Safety
8 and Soundness Act of 1992).

9 “(2) PROHIBITION ON DISCLOSURE CLAUSES
10 NULL AND VOID.—

11 “(A) IN GENERAL.—Any provision in a
12 contract that prohibits the disclosure of a credit
13 score by a person who makes or arranges loans
14 or a consumer reporting agency is void.

15 “(B) NO LIABILITY FOR DISCLOSURE
16 UNDER THIS SUBSECTION.—A lender shall not
17 have liability under any contractual provision
18 for disclosure of a credit score.”.

19 **SEC. 503. SIMPLER AND EASIER METHOD FOR CONSUMERS**
20 **TO USE NOTIFICATION SYSTEM.**

21 (a) IN GENERAL.—Section 604(e)(5)(A)(i) of the
22 Fair Credit Reporting Act (15 U.S.C. 1681b(e)(5)(A)(i))
23 is amended by inserting “in a simple and easy manner
24 and” after “notify the agency,”.



1 (b) SIMPLIFIED NOTICE AND RESPONSE FORMAT
2 FOR USERS.—Section 615(d) of the Fair Credit Report-
3 ing Act (15 U.S.C. 1681m(d)) is amended—

4 (1) by redesignating paragraphs (2), (3), and
5 (4), as paragraphs (3), (4) and (5); and

6 (2) by inserting after paragraph (1) the fol-
7 lowing new paragraph:

8 “(2) SIMPLE AND EASY NOTIFICATION.—Any
9 statement given the consumer under paragraph
10 (1)(E) shall be in a simple and easy to understand
11 format and shall describe the simple and easy meth-
12 od established under section 604(e)(5)(A)(i) for the
13 consumer to respond.”.

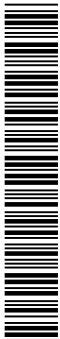
14 **SEC. 504. REQUIREMENT TO DISCLOSE COMMUNICATIONS**
15 **TO A CONSUMER REPORTING AGENCY.**

16 (a) IN GENERAL.—Section 623(a) of the Fair Credit
17 Reporting Act (15 U.S.C. 1681s-2(a)) is amended by add-
18 ing at the end the following new paragraph:

19 “(6) NEGATIVE INFORMATION.—

20 “(A) NOTICE TO CONSUMER REQUIRED.—

21 “(i) IN GENERAL.—If any financial
22 institution that extends credit and regu-
23 larly and in the ordinary course of business
24 furnishes information to a consumer re-
25 porting agency described in section 603(p)



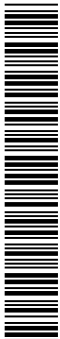
1 furnishes negative information to such an
2 agency regarding credit extended to a cus-
3 tomer, the financial institution shall pro-
4 vide a notice of such furnishing of negative
5 information, in writing, to the customer.

6 “(ii) NOTICE EFFECTIVE FOR SUBSE-
7 QUENT SUBMISSIONS.—After providing
8 such notice, the financial institution may
9 submit additional negative information to a
10 consumer reporting agency described in
11 section 603(p) with respect to the same
12 transaction, extension of credit, account, or
13 customer without providing additional no-
14 tice to the customer.

15 “(B) TIME OF NOTICE.—

16 “(i) IN GENERAL.—The notice re-
17 quired under subparagraph (A) shall be
18 provided to the customer prior to, or no
19 later than 30 days after, furnishing the
20 negative information to a consumer report-
21 ing agency described in section 603(p).

22 “(ii) COORDINATION WITH NEW AC-
23 COUNT DISCLOSURES.—If the notice is
24 provided to the customer prior to fur-
25 nishing the negative information to a con-



1 sumer reporting agency, the notice may
2 not be included in the initial disclosures
3 provided under section 127(a) of the Truth
4 in Lending Act.

5 “(C) COORDINATION WITH OTHER DISCLO-
6 SURES.—The notice required under subpara-
7 graph (A)—

8 “(i) may be included on or with any
9 notice of default, any billing statement, or
10 any other materials provided to the cus-
11 tomer; and

12 “(ii) must be clear and conspicuous.

13 “(D) MODEL DISCLOSURE.—

14 “(i) DUTY OF BOARD TO PREPARE.—
15 The Board shall prescribe a brief model
16 disclosure a financial institution may use
17 to comply with subparagraph (A), which
18 shall not exceed 30 words.

19 “(ii) USE OF MODEL NOT RE-
20 QUIRED.—No provision of this paragraph
21 shall be construed as requiring a financial
22 institution to use any such model form pre-
23 scribed by the Board.

24 “(iii) COMPLIANCE USING MODEL.—A
25 financial institution shall be deemed to be



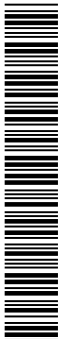
1 in compliance with subparagraph (A) if the
2 financial institution uses any such model
3 form prescribed by the Board, or the fi-
4 nancial institution uses any such model
5 form and rearranges its format.

6 “(E) USE OF NOTICE WITHOUT SUBMIT-
7 TING NEGATIVE INFORMATION.—No provision
8 of this paragraph shall be construed as requir-
9 ing a financial institution that has provided a
10 customer with a notice described in subpara-
11 graph (A) to furnish negative information about
12 the customer to a consumer reporting agency.

13 “(F) SAFE HARBOR.—A financial institu-
14 tion shall not be liable for failure to perform
15 the duties required by this paragraph if, at the
16 time of the failure, the financial institution
17 maintained reasonable policies and procedures
18 to comply with this paragraph.

19 “(G) DEFINITIONS.—For purposes of this
20 paragraph, the following definitions shall apply:

21 “(i) NEGATIVE INFORMATION.—The
22 term ‘negative information’ means infor-
23 mation concerning a customer’s delin-
24 quencies, late payments, insolvency, or any
25 form of default.



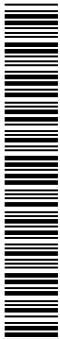
1 “(ii) CUSTOMER; FINANCIAL INSTITU-
2 TION.—The terms ‘customer’ and ‘finan-
3 cial institution’ have the same meaning as
4 in section 509 of the Gramm-Leach-Bliley
5 Act.”.

6 (b) MODEL DISCLOSURE FORM.—Before the end of
7 the 6-month period beginning on the date of the enact-
8 ment of this Act, the Board of Governors of the Federal
9 Reserve System shall adopt the model disclosure required
10 under the amendment made by subsection (a) after notice
11 duly given in the Federal Register and an opportunity for
12 public comment in accordance with section 553 of title 5,
13 United States Code.

14 **SEC. 505. STUDY OF EFFECTS OF CREDIT SCORES AND**
15 **CREDIT-BASED INSURANCE SCORES ON**
16 **AVAILABILITY AND AFFORDABILITY OF FI-**
17 **NANCIAL PRODUCTS.**

18 (a) STUDY REQUIRED.—The Federal Trade Commis-
19 sion, in consultation with the Office of Fair Housing and
20 Equal Opportunity of the Department of Housing and
21 Urban Development, shall conduct a study of—

22 (1) the effects of the use of credit scores and
23 credit-based insurance scores on the availability and
24 affordability of financial products and services, in-

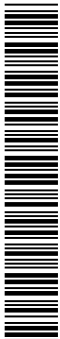


1 cluding credit cards, mortgages, auto loans, and
2 property and casualty insurance;

3 (2) the degree of causality between the factors
4 considered by credit score systems and the quantifi-
5 able risks and actual losses experienced by busi-
6 nesses, including the extent to which, if any, each of
7 the factors considered or otherwise taken into ac-
8 count by such systems are accurate predictors of
9 risk or loss, and where the means square error of a
10 scoring model's predictions are considered in the
11 evaluation of accuracy;

12 (3) the extent to which, if any, the use of credit
13 scoring models, credit scores and credit-based insur-
14 ance scores result in disparate impact by geography,
15 income, ethnicity, race, color, religion, national ori-
16 gin, age, sex or marital status, and creed, including
17 the extent to which the consideration or lack of con-
18 sideration of certain factors by credit scoring sys-
19 tems could result in disparate effects and the extent
20 to which, if any, the use of underwriting systems re-
21 lying on these models could achieve comparable re-
22 sults through the use of factors with less disparate
23 impact; and

24 (4) the extent to which credit scoring systems
25 are used by businesses, the factors considered by



1 such systems, and the effects of variables which are
2 not considered by such systems.

3 (b) PUBLIC PARTICIPATION.—The Commission shall
4 seek public input about the prescribed methodology and
5 research design of the study required in subsection (a).

6 (c) REPORT REQUIRED.—

7 (1) IN GENERAL.—Before the end of the 18-
8 month period beginning on the date of the enact-
9 ment of this Act, the Federal Trade Commission
10 shall submit a detailed report on the study con-
11 ducted pursuant to subsection (a) to the Committee
12 on Financial Services of the House of Representa-
13 tives and the Committee on Banking, Housing, and
14 Urban Affairs of the Senate.

15 (2) CONTENTS OF REPORT.—The report sub-
16 mitted under paragraph (1) shall include the find-
17 ings and conclusions of the Commission, together
18 with such recommendations for legislative or admin-
19 istrative action as the Commission may determine to
20 be necessary to ensure that credit and credit-based
21 insurances score are used appropriately and fairly to
22 avoid disparate effects.

23 (d) CREDIT SCORE DEFINED.—For purposes of this
24 section, the term “credit score” means a numerical value
25 or a categorization derived from a statistical tool or mod-

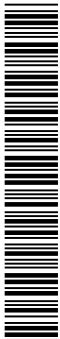


1 eling system used to predict the likelihood of certain credit
2 or insurance behaviors, including default.

3 **SEC. 506. GAO STUDY ON DISPARATE IMPACT OF CREDIT**
4 **SYSTEM.**

5 (a) STUDY REQUIRED.—The Comptroller General
6 shall conduct a study of the credit system to determine
7 the extent to which, if any, discrimination exists with re-
8 gard to the availability and the terms of credit which has
9 a disparate impact on the basis of race, color, income and
10 education level, geographic location, age, sex, sexual ori-
11 entation, national origin, or marital status and the nature
12 of any such discriminatory effect.

13 (b) REPORT REQUIRED.—Before the end of the 2-
14 year period beginning on the date of the enactment of this
15 Act, the Comptroller General shall submit a report to the
16 Congress on the findings and conclusions of the Comp-
17 troller General pursuant to the study conducted under
18 subsection (a), together with such recommendations for
19 legislative or administrative action as the Comptroller
20 General may determine to be appropriate.



1 **TITLE VI—PROTECTING EM-**
2 **PLOYEE MISCONDUCT INVES-**
3 **TIGATIONS**

4 **SEC. 601. CERTAIN EMPLOYEE INVESTIGATION COMMU-**
5 **NICATIONS EXCLUDED FROM DEFINITION OF**
6 **CONSUMER REPORT.**

7 (a) IN GENERAL.—Section 603 of the Fair Credit
8 Reporting Act (15 U.S.C. 1681a) is amended by inserting
9 after subsection (p) the following new subsection:

10 “(q) EXCLUSION OF CERTAIN COMMUNICATIONS FOR
11 EMPLOYEE INVESTIGATIONS.—

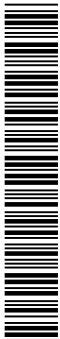
12 “(1) COMMUNICATIONS DESCRIBED IN THIS
13 SUBSECTION.—A communication is described in this
14 subsection if—

15 “(A) but for subsection (d)(2)(D), the
16 communication would be a consumer report;

17 “(B) the communication is made to an em-
18 ployer in connection with an investigation of—

19 “(i) suspected misconduct relating to
20 employment; or

21 “(ii) compliance with Federal, State,
22 or local laws and regulations, the rules of
23 a self-regulatory organization, or any pre-
24 existing written policies of the employer;



1 “(C) the communication is not made for
2 the purpose of investigating a consumer’s credit
3 worthiness, credit standing, or credit capacity;
4 and

5 “(D) the communication is not provided to
6 any person except—

7 “(i) to the employer or an agent of
8 the employer;

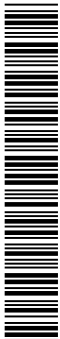
9 “(ii) to any Federal or State officer,
10 agency, or department, or any officer,
11 agency, or department of a unit of general
12 local government;

13 “(iii) to any self-regulatory organiza-
14 tion with regulatory authority over the ac-
15 tivities of the employer or employee;

16 “(iv) as otherwise required by law; or

17 “(v) pursuant to section 608.

18 “(2) SUBSEQUENT DISCLOSURE.—After taking
19 any adverse action based in whole or in part on a
20 communication described in paragraph (1), the em-
21 ployer shall disclose to the consumer a summary
22 containing the nature and substance of the commu-
23 nication upon which the adverse action is based, ex-
24 cept that the sources of information acquired solely
25 for use in preparing what would be but for sub-



1 section (d)(2)(D) an investigative consumer report
2 need not be disclosed.

3 “(3) SELF-REGULATORY ORGANIZATION DE-
4 FINED.—For purposes of this subsection, the term
5 ‘self-regulatory organization’ includes any self-regu-
6 latory organization (as defined in section 3(a)(26) of
7 the Securities Exchange Act of 1934), any entity es-
8 tablished under Title I of the Sarbanes-Oxley Act of
9 2002, any board of trade designated by the Com-
10 modity Futures Trading Commission, and any fu-
11 tures association registered with such Commission.”.

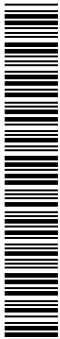
12 (b) TECHNICAL AND CONFORMING AMENDMENT.—
13 Section 603(d)(2)(D) of the Fair Credit Reporting Act (15
14 U.S.C. 1681a(d)(2)(D)) is amended by inserting “or (q)”
15 after “subsection (o)”.

16 **TITLE VII—LIMITING THE USE**
17 **AND SHARING OF MEDICAL**
18 **INFORMATION IN THE FINAN-**
19 **CIAL SYSTEM**

20 **SEC. 701. PROTECTION OF MEDICAL INFORMATION IN THE**
21 **FINANCIAL SYSTEM**

22 (a) IN GENERAL.—Section 604(g) of the Fair Credit
23 Reporting Act (15 U.S.C. 1681b(g)) is amended to read
24 as follows:

25 “(g) PROTECTION OF MEDICAL INFORMATION.—



1 “(1) LIMITATION ON CONSUMER REPORTING
2 AGENCIES.—A consumer reporting agency shall not
3 furnish for employment purposes, or in connection
4 with a credit or insurance transaction, a consumer
5 report that contains medical information about a
6 consumer, unless—

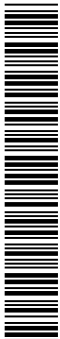
7 “(A) if furnished in connection with an in-
8 surance transaction, the consumer affirmatively
9 consents to the furnishing of the report; or

10 “(B) if furnished for employment purposes
11 or in connection with a credit transaction—

12 “(i) the information to be furnished is
13 relevant to process or effect the employ-
14 ment or credit transaction; and

15 “(ii) the consumer provides specific
16 written consent for the furnishing of the
17 report that describes in clear and con-
18 spicuous language the use for which the in-
19 formation will be furnished.

20 “(2) LIMITATION ON CREDITORS.—Except as
21 permitted pursuant to paragraph (3)(C) or regula-
22 tions prescribed under paragraph (5)(A), a creditor
23 shall not obtain or use medical information per-
24 taining to a consumer in connection with any deter-

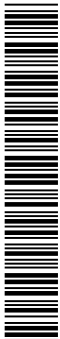


1 mination of the consumer's eligibility, or continued
2 eligibility, for credit.

3 “(3) ACTIONS AUTHORIZED BY FEDERAL LAW,
4 INSURANCE ACTIVITIES AND REGULATORY DETER-
5 MINATIONS.—Section 603(d)(3) shall not be con-
6 strued so as to treat information or any communica-
7 tion of information as a consumer report if the in-
8 formation or communication is disclosed—

9 “(A) in connection with the business of in-
10 surance or annuities, including the activities de-
11 scribed in section 18B of the model Privacy of
12 Consumer Financial and Health Information
13 Regulation issued by the National Association
14 of Insurance Commissioners (as in effect on
15 January 1, 2003);

16 “(B) for any purpose permitted without
17 authorization under the Standards for Individ-
18 ually Identifiable Health Information promul-
19 gated by the Department of Health and Human
20 Services pursuant to the Health Insurance
21 Portability and Accountability Act of 1996, or
22 referred to under section 1179 of such Act, or
23 described in section 502(e) of Public Law 106-
24 102; or

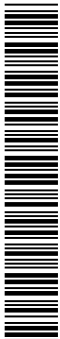


1 “(C) as otherwise determined to be nec-
2 essary and appropriate, by regulation or order
3 and subject to paragraph (6), by the Commis-
4 sion, any Federal banking agency or the Na-
5 tional Credit Union Administration (with re-
6 spect to any financial institution subject to the
7 jurisdiction of such agency or Administration
8 under paragraph (1), (2), or (3) of section
9 621(b), or the applicable State insurance au-
10 thority (with respect to any person engaged in
11 providing insurance or annuities).

12 “(4) LIMITATION ON REDISCLOSURE OF MED-
13 ICAL INFORMATION.—Any person that receives med-
14 ical information pursuant to paragraphs (1) or (3)
15 shall not disclose such information to any other per-
16 son except as necessary to carry out the purpose for
17 which the information was initially disclosed, or as
18 otherwise permitted by statute, regulation, or order.

19 “(5) REGULATIONS AND EFFECTIVE DATE FOR
20 PARAGRAPH (2).—

21 “(A) REGULATIONS REQUIRED.—Each
22 Federal banking agency and the National Cred-
23 it Union Administration shall, subject to para-
24 graph (6) and after notice and opportunity for
25 comment, prescribe regulations that permit

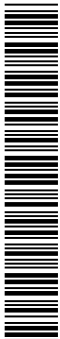


1 transactions under paragraph (2) that are de-
2 termined to be necessary and appropriate to
3 protect legitimate operational, transactional,
4 risk, consumer, and other needs, consistent with
5 the intent of paragraph (2) to restrict the use
6 of medical information for inappropriate pur-
7 poses.

8 “(B) FINAL REGULATIONS REQUIRED.—
9 The Federal banking agencies and the National
10 Credit Union Administration shall prescribe the
11 regulations required under subparagraph (A) in
12 final form before the end of the 6-month period
13 beginning on the date of the enactment of the
14 Fair and Accurate Credit Transactions Act of
15 2003.

16 “(6) COORDINATION WITH OTHER LAWS.—No
17 provision of this subsection shall be construed as al-
18 tering, affecting, or superseding the applicability of
19 any other provision of Federal law relating to med-
20 ical confidentiality.”.

21 (b) RESTRICTION ON SHARING OF MEDICAL INFOR-
22 MATION.—Section 603(d) of the Fair Credit Reporting
23 Act (15 U.S.C. 1681a(d)) is amended—



1 (1) in paragraph (2), by striking “The term”
2 and inserting “Except as provided in paragraph (3),
3 the term”; and

4 (2) by adding at the end the following new
5 paragraph:

6 “(3) RESTRICTION ON SHARING OF MEDICAL
7 INFORMATION.—Except for information or any com-
8 munication of information disclosed as provided in
9 section 604(g)(3), the exclusions in paragraph (2)
10 shall not apply with respect to information disclosed
11 to any person related by common ownership or affili-
12 ated by corporate control if—

13 “(A) the information is medical informa-
14 tion; or

15 “(B) the information is an individualized
16 list or description based on a consumer’s pay-
17 ment transactions for medical products or serv-
18 ices, or an aggregate list of identified con-
19 sumers based on payment transactions for med-
20 ical products or services.”.

